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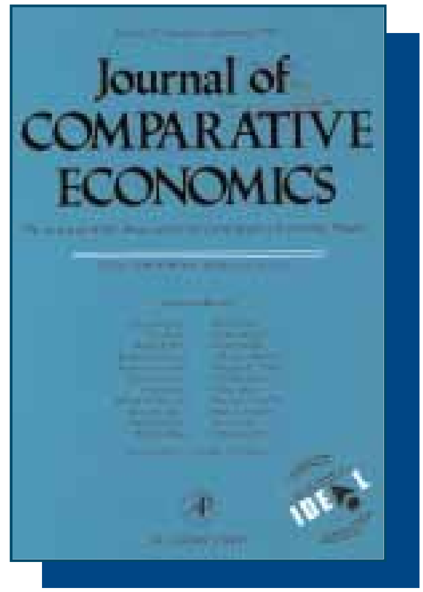
Corporate Farm Performance in Russia, 1991-95: An Efficiency Analysis



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"Corporate Farm Performance in Russia, 1991-95: An Efficiency Analysis"

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By David Sedik, Michael Trueblood, and Carlos Arnade

For more information, contact Michael Trueblood at trueb@ers.usda.gov or Carlos Arnade at carnade@ers.usda.gov

http://www.ers.usda.gov

Russia has been an important trader on world food markets in recent decades. Before the breakup of the Soviet Union, Russia was a major grain importer. Afterwards, Russia experienced a sharp contraction in grain imports and a dramatic increase in meat imports–mostly poultry. Large swings in Russia's imports have caused some uncertainty on global food markets.

At the center of this analysis is the performance of Russia's corporate farms, which produce most of the major field crops and livestock. In this article, authors use oblast (state) level data to examine how and why Russian corporate farm efficiency changed during the years 1991-95. The results point to the overwhelming importance of initial conditions in predicting farm efficiency. The efficiency of regions can be explained by several economic and institutional factors, including farm size, "soft" budget constraints (routine loan forgiveness), deterioration in farm terms of trade, and oblast-level specialization of production. The overall results of the study are more consistent with a corporate farm sector that follows a policy of oblast self-sufficiency than with one engaged in actual restructuring.